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Report Highlights:

***Vietnam exports to the United States likely to rise by 10 percent in 2010 *Local industry shrugs off tariff cuts *Rice export boom an accident, analysts warn**

General Information:

Welcome to "News Summary" from Vietnam, an occasional summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Vietnam, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues may be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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Vietnam exports to the United States likely to rise by 10 percent in 2010

Vietnam's exports to the United States are likely to rise at least 10 percent next year, according to Ngo Van Thoan, the country's trade envoy to the United States.

Garments and textiles, footwear, and wooden furniture were among the products that would maintain their high export growth rate, said the trade counselor at the Vietnamese embassy in Washington. But he warned that export prices were unlikely to recover to pre-2009 economic crisis levels, and that countries would put up technical barriers to reduce imports. imports. The Farm Bill and the Consumer Product Safety Improvement Act, for instance, would take effect in 2010, causing difficulties for exporters of seafood and agricultural products to the United States.

To get around such problems, he called on Vietnamese exporters to improve the quality of their exports so that they meet technology and food hygiene and safety standards.
(Vietnam News, December 24, 2009)

Local industry shrugs off tariff cuts

Vietnamese industrial and farm suppliers do not expect to be affected much by the tariff cuts on thousands of products that will be effected over the next three years under the ASEAN-Australia-New Zealand Free Trade Agreement and the ASEAN-China Free Trade Agreement.

Under AANZFTA, many items imported directly from Australia, New Zealand, Brunei, and Singapore began to get tax preferences on January 1, 2010, provided they satisfy regulations on origin. Almost all items imported from these countries will have their tariffs gradually reduced between 2010 and 2012. For instance, the tariff on unsweetened milk powder will be lowered from 10 percent in 2010 and 2011 to 7 percent in 2012. The tariffs on apples, grapes, and kiwis will also be slashed from 18 percent, 19 percent, and 18 percent, respectively. Thousands of commodities will also continue to see tariffs cut under the deal with mainland China.

More importantly, the tariff cuts are not likely to send import volumes skyrocketing, since their main consumers are affluent people who remain a small minority in most parts of the country.

In Ho Chi Minh City, for instance, beef and lamb are imported mainly from Australia and New Zealand. But Pham Hong Long, director of the Import and Export Joint Stock Company No 2, said these meats are expensive and are therefore used mainly by luxury restaurants and hotels. The 5 to 10 percent cuts in their tariffs are not enough to make them competitive, he explained.

But independent analysts warn that fruits imported from China can upend the market for Vietnamese fruits, because they are not only reasonably priced but also have an attractive appearance and packaging.

On the other hand, the tariff cuts are likely to benefit Vietnamese exports.

(Vietnam News, January 4, 2010)

Rice export boom an accident, analysts warn

Vietnam's rice exports were at a new high last year at more than six million tons, but analysts cautioned against complacency, saying the country owed the success to external factors rather than internal strengths.

They said demand for Vietnamese rice surged because other major exporters like Thailand and India cut back on exports, while the economic slump boosted demand for rice worldwide as a substitute for other foods. The question, they said, is how long the market situation will remain so favorable for Vietnamese rice exports. With the population increasing and farmlands shrinking globally, rice demand is expected to stay high in the future.

The Hanoi-based Institute of Policy and Strategy for Agriculture and Rural Development said the Philippines, for instance, had earmarked US$1 billion for a program to boost rice production. Malaysia has approved a 2.4 billion ringgit ($700 million) food security plan, while China is offering various financial incentives to increase rice output.

Vietnam is forecast to have abundant rice for export, but all predictions may turn out to be wrong if climate change accelerates and more farmlands are gobbled up by the creep of industrialization.

The country should therefore not just count on increasing exports in the coming years, analysts said. Rice exports increased 28 percent by volume last year, fetching $2.4 billion.

In an analysis of the rice value chain, the Vietnam Chamber of Commerce and Industry's Can Tho branch said farmers are too far away from end users and are therefore not fully aware of market trends. The country has signed contracts to export 2.38 million tons this year, of which around 1.47 million tons will be shipped in the first quarter. Quotes for 25 percent broken rice, a lower-end variety, are quite high this year, ranging from $480 to $664.9 per ton, according to the Vietnam Food Association.

(Thanh Nien News, January 17, 2010)